

**QUARTERLY TASK
ORDER PROGRESS AND
COST REPORT**

**JULY TO SEPTEMBER
2001**

**ACCESS TO HOUSING
FINANCE FOR LOWER
INCOME HOUSEHOLDS
(SOUTH AFRICA)**

Prepared for



South Africa Access to Housing Finance for Lower Income Households
U.S. Agency for International Development
Contract No. LAG-1-00-00036-00, Task Order No. 800

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2001

ACCESS TO HOUSING FINANCE FOR LOWER INCOME HOUSEHOLDS (SOUTH AFRICA)

Task Order No.: LAG-1-00-99-00036-00, Task Order No. 800

Date of Issuance: September 6, 2000

Task Order Description

In September 2000, the South Africa Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project to improve access to housing finance for low-income households. Specifically, the project aims to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides training, technical assistance and financial support to innovative initiatives by national and local governments, parastatal finance institutions, commercial finance institutions and non-governmental organizations (NGOs).

Amount Obligated under Task Order: \$1,476,660

Total Potential Task Order Amount: \$1,885,657

Dollars Expended to-date: \$ 551,794

As required by Section F.12 of the Contract, a description of the progress under Task Order No. 800, during the quarter is set out below.

Work Performed in the Third Quarter

The third quarter of the project has been spent completing the establishment of the field office. Most effort has gone towards engaging potential clients about funding specific projects, working with them to develop a suitable Statement of Work (SOW), carrying out tendering processes and so on. These activities are more fully described below.

Refining Procurement Procedures—One of the main tasks being carried out this quarter, by the Housing Finance Resource Programme, has been to continue refining procurement procedures for receiving, adjudicating and approving requests for funds by potential clients. The intention is that any awards of funds should be carried out in a transparent, defensible manner. Moreover, the selection of awards should result in fair and reasonable value.



Substantial effort has gone into working closely with the UI International Activities Center (IAC) to develop Procurement Guidelines for Acquisitions Under \$100,000.00. Discussions are continuing around these Guidelines.

Receiving, Assessing and Approving Requests for Assistance—The Housing Finance Resource Programme has had numerous approaches from potential clients for funding for technical assistance for a range of projects. It has also begun to receive the first outputs from the contracts signed.

Preliminary application forms have been handed out, and files opened for approximately 29 potential projects. While some of the projects will clearly not proceed any further, the Housing Finance Resource Programme is currently developing a number of them. The Chief of Party (CoP) and Deputy CoP are therefore working with these potential clients to develop SOWs, budgets and so on, where appropriate. An update of the status of these projects is provided in Appendix A.

Contracts Drawn (or in the process of being drawn) up—Projects reported on previously that have evolved into contracts are listed below:

- Funding a project to carry out a feasibility study into the creation of a special purpose vehicle, which would be used to sell the financial institution's Properties in Possession (PIPs), as a means of developing a secondary market in the townships of South Africa.
- Funding a project to investigate the scope of non-state participation in the implementation of South Africa's housing policy.
- Funding a project to investigate the impact of HIV-AIDS on South Africa's financial sector.
- Funding the hosting of the Wharton/Wits Joint South African Housing Finance Training Programme.
- Funding two international consultants to guide and participate in the implementation of the Wharton/Wits Joint South African Housing Finance Training Programme.
- Funding an international consultant to investigate the potential for, and consequences of, applying community re-investment type standards to financial institutions in South Africa.



Other Activities—Both the CoP and Deputy CoP have participated in various housing-related events this quarter. Some of them are listed below:

- Deputy CoP participated in a workshop on the preliminary results of a study for the Legal Resources Centre into apparent restrictions on access to subsidized housing by low-income communities in Welkom, Free State Province. Findings showed that imposition of relatively high housing standards has in fact forced developers down-market in order to receive higher capital subsidy amounts from government.
- Deputy CoP participated in a workshop on the Better Building's Financial Model and Business Plan aimed at upgrading dilapidated inner city housing in Johannesburg.
- CoP and Deputy CoP have had preliminary meetings with representatives of the trade union movement to discuss technical support in developing a financial model, which will allow the union to assist members to access housing finance.
- CoP has participated in several meetings of the HIV-AIDs Task Team project focusing on the risk to the financial sector being driven by the HLGC.
- CoP attended the launch of the Servcon Community Development and Job Creation Initiative.
- CoP attended the launch of the NURCHA Savings Programme.
- CoP attended the launch of the Gauteng Province Women in Housing Conference.

Travel—The Deputy CoP went to Durban during July to meet with various potential clients, including:

- Durban Metro Housing to identify strategic funding opportunities. Priorities include organizing a workshop for metropolitan housing officials to engage with national housing officials and NURCHA around the role of local government in implementing the government's new savings-linked subsidy programme.
- Durban environmental officials, accompanying USAID, to discuss a proposed project around investigating the financial consequences of housing developments carried out at low densities, and subsequent urban sprawl, on low-income household's budgets (specifically in relation to transportation costs and energy consumption).



The CoP went to Cape Town during September to meet with various potential clients, including:

- Head Housing and Urbanization, Cape Metropolitan Council
- General Manager, Savings and Credit Co-operative League of South Africa (SACCOL)
- Development Action Group
- Cashbank
- Protea Finance

Significant Findings and Delays

Phone Problems—A continuing problem for the Housing Finance Resource Programme has been in relation to the installation of telephone and fax lines. These lines were finally installed by Telkom during August.

Work Planned for the Next Reporting Period

During the next quarter the office will focus on:

- Continuing to refine our Procurement Procedures
- Negotiating further contracts

Task Order Products

- 06967-002-00 (Housing Finance, South Africa)
- Completed and in-process products
- Quin-01 Quindiem Consulting, Hardship Cover Fund for the Cope Housing Association
- PWC-01 Price Waterhouse Coopers, Better Buildings Programme Business Plan
- HFRP 0018-Bartlett, L. NHFC, Bank, Servcon Joint Venture
- HFRP 0021-Rust, K. *We're all here: Now where is the party?* Understanding Logjams around Housing Finance
- HFRP 0020-Ruicon, Legal Resources Centre Research Into Housing Rights in Welkom

ATTACHMENT

Cost Report

APPENDIX A

Housing Finance Resource Programme Agreed and Potential Projects

Housing Finance Resource Programme Agreed and Potential Projects

No.	Project Name	Description	Budget		Contract Signed	Progress
			Rands	US Dollars		August
0001	Cape Town City Council –	Educational Video on Housing Finance	40,000	4,878	N	On hold
0002	University of Witwatersrand Housing Masters Programme		0	0	N	Ongoing discussions around potential funding opportunities
0002A	University of Witwatersrand Public and Development Management Programme		74,832	9,016	Y	Dr. Paul Hendler attended the Wharton School's 'Improving Housing Finance Systems in Emerging and Advanced Economies' course
0002B	University of Witwatersrand Public and Development Management Programme		83,000	10,000	N	Dr. Michael Lea to lecture at the Wharton School/Wits P&DM Joint Housing Finance Training Programme
0003	Rural Finance Facility	Analyse Lending Data	0	0	N	Dead
0004	Gateway	Funding for Fannie Mae	0	0	N	On hold
0005	Urban Resource Centre on behalf of People's Dialogue	Request to fund a video on shack settlements	0	0	N	Denied
0006	Housing Consumer Protection Trust	Discussion on potential avenues for funding	0	0	N	Under discussion

Housing Finance Resource Programme Agreed and Potential Projects

No.	Project Name	Description	Budget		Contract Signed	Progress
			Rands	US Dollars		August
0007	Cities Alliance	Request to fund work around Facilitating the Establishment of an Alliance Amongst the Large Cities of South Africa (eventually Southern Africa) R80,000/\$10,000 –	80,000	10,000		On hold until further notice.
0008	People's Dialogue	Workshop on savings	0	0	N	On hold until further notice
0009	JDA – see Better Buildings 0015		0	0	N	
0010	Gateway	Request to fund an extension of the Property Market Monitor	200,000	25,000	N	On hold until discussions have been carried out with the NHFC's new Chief Operating Officer.
0011	Housing Parliamentary Portfolio Committee	Capacity building	0	0	N	On hold due to changes in state funding regulations for portfolio committees
0012	Mpumalanga Housing Finance Corporation	Request to fund a Feasibility Study into Restructuring the Mpumalanga Housing Finance Corporation from a Section 21 'public business entity' into an 'effective public/private joint venture that can attract private sector investment	200,000	24,000	N	Under discussion
0013	Gauteng Province	Request to fund TA for the Gauteng Landlord/Tenant Tribunal	0	0	N	Request withdrawn
0014	HLGC – Request to fund TA for a Study on the Impact of HIV-Aids on the Financial Sector		200,000	24,000	In process	

Housing Finance Resource Programme Agreed and Potential Projects

No.	Project Name	Description	Budget		Contract Signed	Progress
			Rands	US Dollars		August
0015	Johannesburg City Council – Better Buildings Programme	Request to do financial modelling and develop a Business Plan for the city's R50 million Development Fund aimed at turning around the city's 'bad buildings'	800,000	100,000	Y	
0016	Greater Germiston Inner City Housing	Preliminary discussion around funding an investigation that would source innovative sources of funding.			N	
0017	Durban Metro Housing – see 0026				N	
0018	Servcon	Request to fund the TA needed to carry out part of a Feasibility Study Into the Creation of a Special Purpose Vehicle, which would be used to sell the financial institution's Properties-In-Possession	41,832	5,040	Y	
0019	Cope Housing Association	Request to fund a Preliminary Study into the Feasibility of Hardship Cover for Occupants of Cope Housing Co-operatives	36,702	4,422	Y	Completed
0020	Legal Resources Centre	Request to fund Housing Rights in Welkom as a basis for taking legal action on behalf of community-based clients against the City Council of Welkom	91,275	10,997	Y	
0021	Institute of Housing SA	Request to investigate the scope of non-state participation in the implementation of SA's housing policy, with specific attention to the gearing of financial resources	106,937	12,884	Y	
0022	USAID	Request to investigate the Impact of Density on the Environment.			N	

Housing Finance Resource Programme Agreed and Potential Projects

No.	Project Name	Description	Budget		Contract Signed	Progress
			Rands	US Dollars		August
0023	NURCHA	Request to fund research into a Brokering Function for the R20 000 – R80 000 Credit-linked Housing Market	140,000	16,867	In process	
0024	NEHAWU (COSATU)	Request to fund the TA necessary to Develop A Model for Unions to Contribute toward increasing access to housing finance for their members	500,000	60,240	N	
0025	RHLF and possibly CashBank	Funding a think piece on Competition or Co-operation: Do alternative lenders want banks competing with them in newly established markets?	49,800	6,000	N	
0026	Durban Metro Housing	Request to fund a Savings-linked Subsidy Workshop	20,000	2,409	N	
0027	Durban Metro Housing	Request to fund an Audit of Sources of Housing Finance	60,000	7,228	N	
0028	Johannesburg Housing Company	Request to fund the development of Tenant Equity Models for Social Housing (R?)	0	0	N	After discussion, terms of reference do not conform with intent. Further discussion required
TOTAL BUDGET COMMITMENT			2,584,378	332,981		